




Kentucky-American Water Company

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TO: Roy Mundy
FROM: Nick Rowe 
DATE: March 1, 2001
RE: Operational Issues

Attached is a copy of correspondence I received from the Drinking Water Branch of the Department of Natural Resources. This is a result of our meeting with them on February 20th in our attempt to gain clarification on several issues that fall under their direction. I believe you will agree that this is as good as it gets as far as a commitment from the Division of Water on issues of plant capacity and day-to-day operations.

Please note that in Paragraph 4 of the correspondence, the Drinking Water Branch indicates that a water system may exceed its reliable plant capacity on any given day (70 mgd for Kentucky-American during summer months), provided that health standards and proper disinfection are maintained. The approval to do this, of course, is considered temporary, and we made it clear in our meeting that we had capabilities to operate Kentucky River Station (KRS) at 50 mgd and Richmond Road Station (RRS) at 26 mgd. The caveat to that decision is the fact that, if we reach that peak day event of 76 mgd, we will implement restrictions and follow the appropriate demand management steps.

Our conversations concerning the proposed re-rating of Richmond Road Station went very well as the Drinking Water Branch considered our meeting to be the preliminary engineering meeting, and we committed to supply them with a preliminary engineering report as we begin the design process. We have already had discussions with System Engineering, who will be heading the design effort under the direction of this office, and we will expedite that project in every way possible. Our intent is to keep the Division of Water up-to-date on our progress as we go forward so that we'll have the ability to hydraulically increase our capacity at RRS to 30 mgd.

A third issue that I'd like to discuss is that of growth and the services we continue to add to our local system on an annual basis. As noted in the third paragraph of the Division of Water's correspondence, their water main extension sanctions, as well as the tap-on sanctions, are implemented at 85% and 95%, respectively, based on a 12-month average of actual production versus operational design capacity of a plant facility. The good news for us is that our current average day of 41 mgd is 63% of the current design capacity of 65 mgd, or 59% of our current permit capacity of 70 mgd. When looking to the future, our projected average day for the year 2020 is 45 mgd, which equates to 69% of our current design capacity of 65 mgd, or 64% of our permit capacity of 70 mgd.